

SAPC 1794/A  
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8 September 1955

Dear Burt:

Attached is the approval requested by your letter of August 23, 1955.

We now have an official contact with the Air Force (Col. Berg - whom you met during the recent meetings in Los Angeles) through whom we can handle the general problem presented by your letter.

Will keep you informed of results.

Sincerely,

Geo.

25X1

SAPC 1794  
Copy 2 of 5

(typed 8 September 1955)

CONTRACT APPROVAL

Contract No. A-101

Pursuant to Contractor's request of August 23, 1955, approval is hereby granted, insofar as Contract A-101 and work thereunder is concerned, to operate the experimental machine shop on a 45-hour work week and to incur the premium costs for the overtime involved. It is understood that your normal accounting procedures provide for the charging of the premium costs in question to overhead.

This approval is retroactive to the inception of Contract A-101.

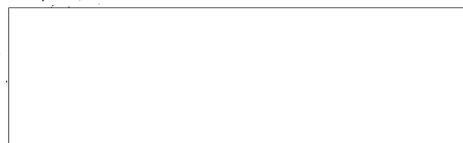
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Contracting Officer

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**SECRET**

August 23, 1955

CMCC Doc. No. 151.677

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Dear George:

As Bud and I indicated to you during your recent visit, it has been our practice to operate the experimental machine shop which performs the shop work required for Contract A-101 on a 45-hour work week. This practice has been necessary both to accomplish the volume of shop work required in our existing facility and to meet the very tight time schedules existing under the contract. Additionally, since most of the shops operating in this area are working on a fairly heavy overtime schedule, establishment of the 45-hour week here has been almost mandatory to permit us to attract and hold the highly skilled type of machinists required for the precision work in which we are engaged.

Because our company accounting policy provides for the charging of premium time to overhead, we have requested approval of the 45-hour work week in the shop through the local Air Force Contracting Officer. To date the proportion of shop work which has been under non-Air Force contracts has been so large that the Air Force Contracting Officer has declined to approve our request unless it is indicated to him that such overtime is warranted on non-Air Force contracts. This point of view is perhaps quite reasonable since 79% of the work performed during the period from 20 February through 30 June 1955 was related to Contract No. A-101, while 3% of the time worked during that period was expended on machine maintenance. The total premium pay associated with the five hours per week of shop overtime for this period amounts to \$653.00.<sup>1</sup>

We understand that you are attempting to establish an arrangement whereby the local Air Force Contracting Officer will have sufficient understanding of our problems and activities to permit him to evaluate the reasonableness of overhead charges such as premium pay. It is reasonable to anticipate, however, that it may take some time for you to complete those arrangements; in the meantime we are continuing to work the 45-hour week in our shop and, because the greater portion of the shop work is concerned with your contract, we would appreciate your approval of our 45-hour shop work week as an overhead charge insofar as work on your program is concerned.

You have already given us approval for \$700.00 of premium time applicable to non-shop overtime and shop overtime in excess of our normal 45-hour shop week. The approval we seek in the present case relates to that for the 45-hour week in itself.

Sincerely,

*Burt*

Burt

25X1

**SECRET**

*Approved and submitted. Discussed with G. See draft of letter  
9/8/55  
Burt*